

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Haring Charter Township	County Wexford
Fiscal Year End 12/31/2006	Opinion Date 1/19/2007	Date Audit Report Submitted to State June 15, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

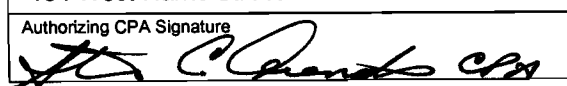
YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- 11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.		Telephone Number 231-775-9789	
Street Address 134 West Harris Street		City Cadillac	State MI
		Zip 49601	
Authorizing CPA Signature 		Printed Name Steven C. Arends, C.P.A.	License Number 1101013211

**HARING CHARTER TOWNSHIP, WEXFORD COUNTY**

**CADILLAC, MICHIGAN**

**DECEMBER 31, 2006**

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

DECEMBER 31, 2006

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CADILLAC, MICHIGAN

DECEMBER 31, 2006

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# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
www.bcbcpa.com

May 15, 2007

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Haring Charter Township  
Wexford County  
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township, Wexford County, Cadillac, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township, Wexford County, Cadillac, Michigan, as of December 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on pages 23-26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Haring Charter Township, Wexford County, Cadillac, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

## HARING CHARTER TOWNSHIP, WEXFORD COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

Haring Charter Township was incorporated in 1979 under the provisions of Public Act 359 of 1947, as amended, (Charter Township Act). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Haring Charter Township board's discussion and analysis of the financial results for the fiscal year ended December 31, 2006.

#### **Financial Highlights Section**

- The assets of the Township exceeded its liabilities at the close of the fiscal year by \$1,837,106. Of this amount, \$940,572 may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$671,124, an increase of \$87,470 in comparison with the prior year.
- The Township's total debt decreased by \$22,538 during the fiscal year.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include legislative, general government, public safety, public works, cultural and recreation, debt service, and other functions. The Township does not have any business-type activities.

## HARING CHARTER TOWNSHIP, WEXFORD COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

***Proprietary Funds*** – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain a proprietary fund.

***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the Township's programs.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

#### **Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$1,837,106 at December 31, 2006, meaning the Township's assets were greater than its liabilities by this amount. A comparison with the previous fiscal year is presented in order to show the change in net assets over the year.



HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

<b>Haring Charter Township</b>		
<b>Net Assets as of December 31,</b>		
	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current Assets	\$ 955,925	\$ 849,394
Non Current Assets		
Capital Assets	\$ 2,234,730	\$ 2,151,277
Less: Accumulated Depreciation	<u>1,315,847</u>	<u>1,197,210</u>
Total Non Current Assets	<u>\$ 918,883</u>	<u>\$ 954,067</u>
<b>Total Assets</b>	<u><u>\$ 1,874,808</u></u>	<u><u>\$ 1,803,461</u></u>
<b>Liabilities</b>		
Current Liabilities	\$ 37,702	\$ 45,457
Non Current Liabilities	<u>0</u>	<u>23,268</u>
<b>Total Liabilities</b>	<u><u>\$ 37,702</u></u>	<u><u>\$ 68,725</u></u>
<b>Net Assets</b>		
Invest in Capital Assets -		
Net of Related Debt	\$ 895,622	\$ 908,268
Restricted for Specific Purpose	912	936
Unrestricted	<u>940,572</u>	<u>825,532</u>
<b>Total Net Assets</b>	<u><u>\$ 1,837,106</u></u>	<u><u>\$ 1,734,736</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,874,808</u></u>	<u><u>\$ 1,803,461</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment and other), less any related debt that is outstanding that the Township used to acquire or construct the asset. The Township has \$940,572 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

The total net assets of the Township increased by \$102,370 in this year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Haring Charter Township  
Change in Net Assets**

	<u>2006</u>	<u>2005</u>
<b><u>Revenues</u></b>		
<b>Program Revenues</b>		
Charges for Services	\$ 50,632	\$ 45,378
Operating Grants and Contributions	12,944	10,862
Capital Grants and Contributions	11,547	0
<b>General Revenues</b>		
Taxes	322,077	298,366
State Grants	203,039	202,260
Interest Earnings	33,389	31,680
Other	<u>22,440</u>	<u>1,646</u>
Total Revenues	<u>\$ 656,068</u>	<u>\$ 590,192</u>
<b><u>Expenses</u></b>		
Legislative	\$ 36,360	\$ 18,182
General Government	203,808	180,423
Public Safety	178,429	178,800
Public Works	57,477	7,924
Community and Economic Development	31,883	26,060
Other Functions	44,572	40,949
Debt Service	<u>1,169</u>	<u>2,064</u>
<b>Total Expenses</b>	<u>\$ 553,698</u>	<u>\$ 454,402</u>
Changes in Net Assets	\$ 102,370	\$ 135,790
<u>NET ASSETS</u> - Beginning of Year	<u>1,734,736</u>	<u>1,598,946</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$1,837,106</u></u>	<u><u>\$1,734,736</u></u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

**Governmental Activities**

During the fiscal year ended December 31, 2006, the Township's net assets increased by \$102,370 in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Haring Charter Township comes from property tax and state shared revenues. State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2006, the amount of state shared revenue received by the Township trended upward slightly.

The Township levied an operating millage this fiscal year in the amount of 2.00 mills for operating purposes.

The Township's governmental activities expenses are dominated by general governmental expenses that total 36.80% of total expenses. The Township spent \$203,808 in fiscal year 2006 on general governmental expenses. Public safety represented the next largest expense at \$178,429.

**Business-Type Activities**

The Township does not maintain any business-type activities.

**Financial Analysis of the Government's Funds**

***Governmental Activities*** The focus of Haring Charter Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Haring Charter Township's governmental funds reported combined ending fund balances of \$671,124. Approximately 97.22% of this total amount (\$652,502) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures, such as capital outlay, that will enhance fire protection.

**General Fund** – The General Fund increased its fund balance by \$58,869, which brings the fund balance to \$636,614. Of the General Fund's fund balance, 100% is unreserved.

**Fire Fund** – The Fire Fund increased its fund balance by \$16,265, which brings the fund balance to \$17,710. This balance is reserved and must be used for fire protection.

All of the Fire Funds functions ended the year with expenditures at or below budgeted amounts.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

**Liquor Law Enforcement Fund** – The Liquor Law Enforcement Fund decreased its fund balance by \$(24), which brings the fund balance to \$912. This balance is reserved and must be used for liquor law enforcement.

**Utility Fund** – The Utility Fund is new this year. It was established for the purpose of accumulating funds for the future construction of a waste water treatment facility. The fund balance increased by \$15,888 which brings the fund balance to \$15,888. The fund balance is unreserved.

**Improvement Revolving Fund** – The Improvement Revolving Fund decreased its fund balance by \$(3,528), which brings the fund balance to \$0.

**Viking Acres and Seneca Street Funds** – These funds were established to collect special assessment levies used for road improvements.

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental activities as of December 31, 2006 amounted to \$918,883 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$1,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

Haring Charter Township  
Capital Assets

	<u>2006</u>	<u>2005</u>
Land	\$ 257,014	\$ 193,113
Buildings and Improvements	539,296	539,296
Machinery and Equipment	907,421	887,071
Furniture and Fixtures	14,619	15,417
Vehicles	<u>516,380</u>	<u>516,380</u>
	\$ 2,234,730	\$ 2,151,277
Less Accumulated Depreciation	<u>1,315,847</u>	<u>1,197,210</u>
<b>Net Capital Assets</b>	<u><u>\$ 918,883</u></u>	<u><u>\$ 954,067</u></u>

Major capital asset additions during the current fiscal year included the following:

- Land was purchased for the future waste water treatment facility at a cost of \$63,901.
- New voting equipment was received through federal grant programs at a value of \$11,547.
- New jaws and spreaders were purchased by the fire department at a cost of \$3,000.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

- A new 18" fan was purchased by the fire department at a cost of \$1,830.
- A new computer was purchased by the fire department at a cost of \$1,339.
- Two new Dell computers were purchased at a cost of \$2,634.
- The fire department disposed of an old computer which was fully depreciated.

**Long-Term Debt.** As of December 31, 2006, the Township had total debt outstanding of \$23,261. More information on the Township's long-term debt is available in the Notes to Financial Statements.

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2007 year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Haring Charter Township at 515 Bell Avenue, Cadillac, Michigan 49601.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 660,686
Receivables	
Taxes	186,699
Accounts	10,454
Special Assessments	4,707
External Party Receivable (Fiduciary Fund)	58,927
Due From Other Governments	34,452
	<hr/>
Total Current Assets	\$ 955,925
	<hr/>
<u>CAPITAL ASSETS</u>	
Land	\$ 257,014
Buildings and Improvements	539,296
Machinery and Equipment	907,421
Furnitures and Fixtures	14,619
Vehicles	516,380
	<hr/>
	\$ 2,234,730
Less Accumulated Depreciation	1,315,847
Net Capital Assets	<hr/>
	\$ 918,883
	<hr/>
TOTAL ASSETS	<hr/>
	<hr/>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 14,411
Accrued Interest Payable	30
Current Portion of Non-Current Liabilities	23,261
	<hr/>
Total Current Liabilities	\$ 37,702
	<hr/>
<u>NONCURRENT LIABILITIES</u>	
Loan Payable	\$ 23,261
Less: Current Portion	(23,261)
Total Non-Current Liabilities	<hr/>
	\$ 0
	<hr/>
TOTAL LIABILITIES	<hr/>
	<hr/>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 895,622
Restricted for Liquor Law Enforcement	912
Unrestricted	<u>940,572</u>
 TOTAL NET ASSETS	 <u>\$ 1,837,106</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,874,808</u></u>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND
					CHANGES IN NET ASSETS
<hr/>					
GOVERNMENTAL ACTIVITIES					
Legislative	\$ 36,360	\$ 0	\$ 0	\$ 0	\$ (36,360)
General Government	203,808	37,403	0	11,547	(154,858)
Public Safety	178,429	0	7,823	0	(170,606)
Public Works	57,477	6,000	5,121	0	(46,356)
Community and Economic Development	31,883	7,229	0	0	(24,654)
Other Functions	44,572	0	0	0	(44,572)
Debt Service	1,169	0	0	0	(1,169)
<hr/>					
Total Governmental Activities	\$ 553,698	\$ 50,632	\$ 12,944	\$ 11,547	\$ (478,575)

GENERAL REVENUES

Taxes	\$ 322,077
State Grants	203,039
Interest Earnings	33,389
Other	22,440
Total General Revenues	<u>\$ 580,945</u>
Change in Net Assets	\$ 102,370
<u>NET ASSETS</u> - Beginning of Year	<u>1,734,736</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 1,837,106</u>

The accompanying notes are an integral part of the financial statements.



HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2006

	GENERAL	FIRE PROTECTION	LIQUOR LAW ENFORCEMENT
<u>ASSETS</u>			
Cash	\$ 600,724	\$ 17,710	\$ 433
Accounts Receivable	1,678	0	0
Special Assessment Receivable	0	0	0
Taxes Receivable	186,699	0	0
Due from Other Funds	97,673	0	479
Due from Other Governments	34,452	0	0
TOTAL ASSETS	<u>\$ 921,226</u>	<u>\$ 17,710</u>	<u>\$ 912</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 10,600	\$ 0	\$ 0
Due to Other Funds	3,622	0	0
Deferred Revenue	270,390	0	0
Total Liabilities	<u>\$ 284,612</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>			
Reserved for:			
Fire Protection	\$ 0	\$ 17,710	\$ 0
Liquor Law Enforcement	0	0	912
Unreserved	636,614	0	0
Total Fund Balance	<u>\$ 636,614</u>	<u>\$ 17,710</u>	<u>\$ 912</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 921,226</u>	<u>\$ 17,710</u>	<u>\$ 912</u>

The accompanying notes are an integral part of the financial statements.

UTILITY	IMPROVEMENT REVOLVING	SENECA STREET	VIKING ACRES	TOTALS
\$ 10,923	\$ 0	\$ 30,896	\$ 0	\$ 660,686
8,776	0	0	0	10,454
0	0	4,707	0	4,707
0	0	0	0	186,699
0	0	3,143	0	101,295
0	0	0	0	34,452
<u>\$ 19,699</u>	<u>\$ 0</u>	<u>\$ 38,746</u>	<u>\$ 0</u>	<u>\$ 998,293</u>
\$ 3,811	\$ 0	\$ 0	\$ 0	\$ 14,411
0	0	38,746	0	42,368
0	0	0	0	270,390
<u>\$ 3,811</u>	<u>\$ 0</u>	<u>\$ 38,746</u>	<u>\$ 0</u>	<u>\$ 327,169</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,710
0	0	0	0	912
15,888	0	0	0	652,502
<u>\$ 15,888</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 671,124</u>
<u>\$ 19,699</u>	<u>\$ 0</u>	<u>\$ 38,746</u>	<u>\$ 0</u>	<u>\$ 998,293</u>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

Total Fund Balances for Governmental Funds	\$	671,124
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	\$	257,014	
Buildings and Improvements		539,296	
Machinery and Equipment		907,421	
Furniture and Fixtures		14,619	
Vehicles		516,380	
Accumulated Depreciation		<u>(1,315,847)</u>	918,883

Current year property tax levy is deferred in governmental activities per Michigan Department of Treasury but reported as income in the Statement of Net Assets		270,390
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Long term liabilities are not due and payable in the current period and  
are not reported in the funds

Loan Payable	\$	(23,261)	
Accrued Interest Payable		<u>(30)</u>	<u>(23,291)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>1,837,106</u></u>
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The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2006

	FIRE		LIQUOR LAW	
	GENERAL	PROTECTION	ENFORCEMENT	UTILITY
<u>REVENUES</u>				
Taxes	\$ 294,560	\$ 0	\$ 0	\$ 0
Licenses and Permits	27,854	0	0	0
Federal Grants	11,547	0	0	0
State Grants	208,160	0	3,523	0
Charges for Services	12,662	0	0	0
Interest and Rents	33,236	1	6	6,000
Other Revenues	22,080	0	0	8,776
Total Revenues	\$ 610,099	\$ 1	\$ 3,529	\$ 14,776
<u>EXPENDITURES</u>				
Legislative	\$ 36,360	\$ 0	\$ 0	\$ 0
General Government	206,761	0	0	0
Public Safety	73,886	0	3,553	0
Public Works	70,603	0	0	48,888
Community and Economic Development	31,883	0	0	0
Other Functions	44,572	0	0	0
Debt Service	0	23,736	0	0
Total Expenditures	\$ 464,065	\$ 23,736	\$ 3,553	\$ 48,888
Excess (Deficiency) of Revenues Over Expenditures	\$ 146,034	\$ (23,735)	\$ (24)	\$ (34,112)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 3,528	\$ 40,000	\$ 0	\$ 50,000
Transfers Out	(90,693)	0	0	0
Total Other Financing Sources (Uses)	\$ (87,165)	\$ 40,000	\$ 0	\$ 50,000
Net Change in Fund Balance	\$ 58,869	\$ 16,265	\$ (24)	\$ 15,888
<u>FUND BALANCE</u> - Beginning of Year	577,745	1,445	936	0
<u>FUND BALANCE</u> - End of Year	\$ 636,614	\$ 17,710	\$ 912	\$ 15,888

The accompanying notes are an integral part of the financial statements.

IMPROVEMENT REVOLVING	SENECA STREET	VIKING ACRES	TOTALS
\$ 0	\$ 0	\$ 0	\$ 294,560
0	0	0	27,854
0	0	0	11,547
0	0	0	211,683
0	0	0	12,662
0	146	0	39,389
0	0	0	30,856
\$ 0	\$ 146	\$ 0	\$ 628,551
\$ 0	\$ 0	\$ 0	\$ 36,360
0	0	0	206,761
0	0	0	77,439
0	839	0	120,330
0	0	0	31,883
0	0	0	44,572
0	0	0	23,736
\$ 0	\$ 839	\$ 0	\$ 541,081
\$ 0	\$ (693)	\$ 0	\$ 87,470
\$ 0	\$ 693	\$ 0	\$ 94,221
(3,528)	0	0	(94,221)
\$ (3,528)	\$ 693	\$ 0	\$ 0
\$ (3,528)	\$ 0	\$ 0	\$ 87,470
3,528	0	0	583,654
\$ 0	\$ 0	\$ 0	\$ 671,124

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2006

Net change in Fund Balance - Total Governmental Funds	\$ 87,470
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(119,435)
Capital Outlay	84,251
Accrued interest on note payable is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.	
Accrued Interest Payable - Beginning of Year	59
Accrued Interest Payable - End of Year	(30)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in property tax revenue deferred using the modified accrual method	27,517
Repayments of principal on long-term debt is an expenditure in the governmental fund, but not in the statement of activities (where it is a reduction of liabilities).	<u>22,538</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 102,370</u></u>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2006

	AGENCY FUNDS
<u>ASSETS</u>	
Cash	\$ 532,094
	<hr/>
<u>LIABILITIES</u>	
Due to Other Governments	\$ 473,977
Due to Other Funds	58,927
	<hr/>
TOTAL LIABILITIES	\$ 532,904
<u>NET ASSETS</u>	<hr/> 0
TOTAL LIABILITIES AND NET ASSETS	<hr/> \$ 532,904
	<hr/>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Haring Charter Township was incorporated in 1979 under the provisions of Public Act 359 of 1947, as amended, (Charter Township Act). The township operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the



HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Haring Charter Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

The *Liquor Law Enforcement Fund* accounts for revenue sources that are legally restricted to expenditure for liquor law enforcement.

The *Utility Fund* accounts for funds being set aside for future water and sewer expenditures and feasibility studies.

The *Improvement Revolving Fund* accounts for revenues and expenses that are used for capital improvements.

The *Seneca Street Special Assessment Fund* accounts for revenues and expenses that are used for specified purposes subsequently paid from special assessments.

The *Viking Acres Special Assessment Fund* accounts for revenues and expenses that are used for specified purposes subsequently paid from special assessments.

Additionally Haring Charter Township reports the following fund types:

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The investment policy adopted by the Township states that the Township is limited to investments authorized by Public Act 20 of 1943 (MCL 129.91 et seq), as amended, or as shall be amended in the future, and may include the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Haring Charter Township Board at the Board's organizational meeting after each regular election of members.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (ex Sess) PA7, MCL 124.501 to 124.512.
- (e) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.11 to 129.118.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**2. *Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes, two-thirds of county taxes, and 50% of Cadillac Area Public School's taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2005 taxable valuation of Haring Charter Township totaled \$120,496,000, on which ad valorem taxes levied consisted of 2 mills for Haring Charter Township operating purposes. This levy raised approximately \$240,974 for operating purposes.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>CAPITAL ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	20 – 50
Machinery and Equipment	10
Furniture and Fixtures	5 – 10
Vehicles	5

Haring Charter Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning January 1, 2004, in accordance with the Township's capitalization policy.

**5. *Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**6. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. *Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**8. *Comparative Data/Reclassifications***

Comparative total data for prior years have been presented for all funds in the fund financial statement in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on November 14, 2005, or as amended by the Township board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township board exercises budgetary control over expenditures.

Encumbrance accounting is not employed in governmental funds.

**B. Major funds with expenditures in excess of appropriations were as follows:**

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
Special Revenue Fund		
Utility Fund	\$ 0	48,888
Seneca Street Fund	0	839

These overages were funded by available fund balances and greater-than-anticipated revenues.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Township's deposits and investments are on deposit with Chemical Bank, Cadillac, Michigan.

*Investment rate risk.* The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

*Foreign currency risk.* The Township is not authorized to invest in investments, which have this type of risk.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

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DECEMBER 31, 2006

*Credit risk.* The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

*Concentration of credit risk.* The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. As of December 31, 2006, \$817,986 of the Township's bank balance of \$1,018,420 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at the year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

**B. Receivables**

Receivables as of year end for the government's individual major funds are as follows:

	General	Utility	Senaca Street	Total
Receivables				
Taxes	\$186,699	\$ 0	\$ 0	\$186,699
Accounts	1,678	8,776	0	10,454
Special Assessments Accounts	0	0	4,707	4,707
Due from Other Governments	34,452	0	0	34,452
Total	\$222,829	\$ 8,776	\$ 4,707	\$236,312

Delinquent assessment receivables can be placed on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Revenue	
	Unavailable	Unearned
Property Taxes (General Fund)	<u>\$270,390</u>	<u>\$ 0</u>

**C. Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 193,113	\$ 63,901	\$ 0	\$ 257,014
Capital assets, being depreciated				
Buildings and Improvements	\$ 539,296	\$ 0	\$ 0	\$ 539,296
Machinery and Equipment	887,071	20,350	0	907,421
Furniture and Fixtures	15,417	0	(798)	14,619
Vehicles	516,380	0	0	516,380
Total capital assets, being depreciated	<u>\$1,958,164</u>	<u>\$ 20,350</u>	<u>\$ (798)</u>	<u>\$1,977,716</u>
Less accumulated depreciation for:				
Buildings and Improvements	\$ 166,060	\$ 9,818	\$ 0	\$ 175,878
Machinery and Equipment	546,656	64,406	0	611,062
Furniture and Fixtures	13,066	1,009	(798)	13,277
Vehicles	471,428	44,202	0	515,630
Total accumulated depreciation	<u>\$1,197,210</u>	<u>\$119,435</u>	<u>\$ (798)</u>	<u>\$1,315,847</u>
Total capital assets, being depreciated, net	<u>\$ 760,954</u>	<u>\$ (99,085)</u>	<u>\$ 0</u>	<u>\$ 661,869</u>
Governmental activities capital assets, net	<u>\$ 954,067</u>	<u>\$ (35,184)</u>	<u>\$ 0</u>	<u>\$ 918,883</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 11,228
Public Safety	107,159
Public Works	<u>1,048</u>
Total depreciation expense - governmental activities	<u>\$ 119,435</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at December 31, 2006, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 97,673	\$ 3,622
Liquor Law Enforcement	479	0
Senaca Street Fund	3,143	38,746
Current Tax Collection Fund	0	58,927
	<u>\$ 101,295</u>	<u>\$ 101,295</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at December 31, 2006, are expected to be repaid within one year.

Interfund Transfers as of December 31, 2006, were:

	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ 3,528	\$ 90,693
Fire Protection Fund	40,000	0
Utility Fund	50,000	0
Improvement Revolving Fund	0	3,528
Seneca Street Special Assessment Fund	693	0
	<u>\$ 94,221</u>	<u>\$ 94,221</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**4. Long-Term Debt**

The following is a summary of the long-term debt transactions of the Township for the year ended December 31, 2006:



HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

	INSTALLMENT NOTE
Long-Term Debt Payable at January 1, 2006	\$ 45,799
Long-Term Debt Issued	0
Long-Term Debt Retired	<u>(22,538)</u>
 LONG-TERM DEBT PAYABLE AT DECEMBER 31, 2006	 \$ <u>23,261</u>
 Amount due within one year	 \$ <u>23,261</u>

Long-term debt at December 31, 2006 is comprised of the following:

Installment Purchase Contract

\$109,000 installment note with Citizens Bank dated December 16, 2003

due in 60 monthly installment of \$1,978 including interest at 3.39% \$ 23,261

The annual requirements to amortize the debt outstanding as of December 31, 2006 are as follows:

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 23,261	\$ 436	\$ 23,697

**F. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds which are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

Fire Protection Fund

Fire Protection \$17,710

Liquor Law Enforcement Fund

Liquor Law Enforcement 912

TOTAL FUND BALANCE NET ASSETS RESERVES \$18,622

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

**B. Retirement Plan**

The Township has a defined contribution pension plan with Gleaners Life Insurance Society which covers all employees except for volunteer firemen and seasonal employees. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 21 and is ineligible at age 73. An employee's normal retirement date is age 65 except for those age 56 and over at entry who will retire after 10 years of participation in the plan or at the plan anniversary nearest age 75 if sooner.

Township contributions to the plan for 2005-2006, amounted to \$5,598 including administration fees of \$185. Total covered payroll amounted to \$91,303 and total wages including non-covered payroll was \$204,457.

**C. Water Distribution System Improvements**

During 1995, the Township of Haring requested that the Wexford County Department of Public Works construct a water tower and install new water mains and distribution lines to service existing and new service areas. The improvements would connect the Township's two water systems into one complete system. In order to accomplish these improvements, it was necessary for the complete system to be owned, operated and maintained by one entity and Act No. 185 of the Public Acts of Michigan of 1957 (an Act establishing the County Department of Public Works) required that the Wexford County Department of Public Works own the complete system to provide the financing of the improvements.

To accomplish the improvements, the Township, on September 11, 1995, conveyed to the County all of its rights, title and interest in the existing systems and future improvements. Upon repayment in full of any indebtedness for the improvements and any indebtedness on any other portion of the complete system, and upon payment to the County of any amounts owed it, the County shall, upon the Township's written request, convey the complete system back to the Township.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

As of December 31, 2006, all improvements to the system have been completed, and the two separate water systems have been physically connected. Detailed financial information concerning the Township's water system is provided in the Wexford County Comprehensive Annual Financial Report.

**D. Due from Other Governments**

Amounts due from other governments consists of \$34,452 in state-shared revenues.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2006

	GENERAL FUND				FIRE FUND				LIQUOR LAW ENFORCEMENT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>												
Taxes	\$ 461,593	\$ 288,826	\$ 294,560	\$ 5,734	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	22,000	27,854	5,854	0	0	0	0	0	0	0	0
Federal Grants	0	0	11,547	11,547				0				0
State Grants	0	137,467	208,160	70,693	0	0	0	0	3,600	3,600	3,523	(77)
Charges for Services	0	11,500	12,662	1,162	0	0	0	0	0	0	0	0
Interest and Rents	0	1,000	33,236	32,236	0	0	1	1	0	0	6	6
Other Revenues	0	600	22,080	21,480	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 461,593</b>	<b>\$ 461,393</b>	<b>\$ 610,099</b>	<b>\$ 148,706</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 3,600</b>	<b>\$ 3,600</b>	<b>\$ 3,529</b>	<b>\$ (71)</b>
<b>EXPENDITURES</b>												
Legislative	\$ 40,360	\$ 38,491	\$ 36,360	\$ 2,131	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government												
Supervisor	20,309	20,309	18,287	2,022	0	0	0	0	0	0	0	0
Elections	3,900	4,940	16,398	(11,458)	0	0	0	0	0	0	0	0
Assessor	52,100	51,566	48,112	3,454	0	0	0	0	0	0	0	0
Attorney	25,000	21,700	20,820	880	0	0	0	0	0	0	0	0
Clerk	29,253	26,853	26,787	66	0	0	0	0	0	0	0	0
Board of Review	2,280	1,330	1,330	0	0	0	0	0	0	0	0	0
Treasurer	37,053	37,383	36,383	1,000	0	0	0	0	0	0	0	0
Building and Grounds	41,650	87,661	33,953	53,708	0	0	0	0	0	0	0	0
Cemetery	14,050	4,750	4,691	59	0	0	0	0	0	0	0	0
Public Safety												
Liquor Law Enforcement	0	0	0	0	0	0	0	0	3,600	3,600	3,553	47
Ordinance Violations Bureau	250	0	0	0	0	0	0	0	0	0	0	0
Fire Department	83,585	78,585	73,886	4,699	0	0	0	0	0	0	0	0
Public Works												
Street Lighting	8,000	28,500	6,642	21,858	0	0	0	0	0	0	0	0
Highways, Streets and Bridges	20,000	0	0	0	0	0	0	0	0	0	0	0
Water and Sewer	43,025	37,476	63,961	(26,485)	0	0	0	0	0	0	0	0
Community and Economic Development												
Planning and Zoning	48,248	34,234	31,437	2,797	0	0	0	0	0	0	0	0
Land Division Administration	750	750	446	304	0	0	0	0	0	0	0	0
Culture and Recreation	100	0	0	0	0	0	0	0	0	0	0	0
Other Functions												
Fringe Benefits	8,000	22,850	11,155	11,695	0	0	0	0	0	0	0	0
Employment Tax	18,500	19,384	10,017	9,367	0	0	0	0	0	0	0	0
Insurance/Bonds	31,700	24,500	22,443	2,057	0	0	0	0	0	0	0	0

Tax Tribunal Refunds Ordered	5,000	5,000	241	4,759	0	0	0	0	0	0	0	0
Appropriations to Others	3,000	3,500	716	2,784	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	23,736	23,736	23,736	0	0	0	0	0
Contingency	10,000	10,000	0	10,000	0	0	0	0	0	0	0	0
Total Expenditures	\$ 546,113	\$ 559,762	\$ 464,065	\$ 95,697	\$ 23,736	\$ 23,736	\$ 23,736	\$ 0	\$ 3,600	\$ 3,600	\$ 3,553	\$ 47
Excess (Deficiency) of Revenues Over Expenditures	\$ (84,520)	\$ (98,369)	\$ 146,034	\$ 244,403	\$ (23,736)	\$ (23,736)	\$ (23,735)	\$ 1	\$ 0	\$ 0	\$ (24)	\$ (24)
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	\$ 0	\$ 200	\$ 3,528	\$ 3,328	\$ 23,000	\$ 23,000	\$ 40,000	\$ 17,000	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(22,000)	(72,000)	(90,693)	(18,693)	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ (22,000)	\$ (71,800)	\$ (87,165)	\$ (15,365)	\$ 23,000	\$ 23,000	\$ 40,000	\$ 17,000	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (106,520)	\$ (170,169)	\$ 58,869	\$ 229,038	\$ (736)	\$ (736)	\$ 16,265	\$ 17,001	\$ 0	\$ 0	\$ (24)	\$ (24)
<u>FUND BALANCE</u> - Beginning of Year	170,169	170,169	577,745	407,576	804	804	1,445	641	507	507	936	429
<u>FUND BALANCE</u> - End of Year	\$ 63,649	\$ 0	\$ 636,614	\$ 636,614	\$ 68	\$ 68	\$ 17,710	\$ 17,642	\$ 507	\$ 507	\$ 912	\$ 405

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2006

	UTILITY FUND				IMPROVEMENT REVOLVING FUND				SENECA STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0	0	0	0	0	0	0	0	0
State Grants	0	0	0	0	0	0	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Rents	0	0	6,000	6,000	0	0	0	0	0	0	146	146
Other Revenues	0	0	8,776	8,776	0	0	0	0	7,211	7,211	0	(7,211)
Total Revenues	\$ 0	\$ 0	\$ 14,776	\$ 14,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,211	\$ 7,211	\$ 146	\$ (7,065)
<u>EXPENDITURES</u>												
Legislative	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Public Works	0	0	48,888	(48,888)	0	0	0	0	0	0	839	(839)
Other Functions	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 48,888	\$ (48,888)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 839	\$ (839)
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ (34,112)	\$ (34,112)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,211	\$ 7,211	\$ (693)	\$ (7,904)
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	\$ 0	\$ 0	\$ 50,000	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 693	\$ 693
Transfers Out	0	0	0	0	0	0	(3,528)	(3,528)	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 50,000	\$ 50,000	\$ 0	\$ 0	\$ (3,528)	\$ (3,528)	\$ 0	\$ 0	\$ 693	\$ 693
Net Change in Fund Balance	\$ 0	\$ 0	\$ 15,888	\$ 15,888	\$ 0	\$ 0	\$ (3,528)	\$ (3,528)	\$ 7,211	\$ 7,211	\$ 0	\$ (7,211)
<u>FUND BALANCE - Beginning of Year</u>	0	0	0	0	6,912	6,912	3,528	(3,384)	(26,028)	(26,028)	0	26,028
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 0	\$ 15,888	\$ 15,888	\$ 6,912	\$ 6,912	\$ 0	\$ (6,912)	\$ (18,817)	\$ (18,817)	\$ 0	\$ 18,817

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2006

	VIKING ACRES FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0
State Grants	0	0	0	0
Charges for Services	0	0	0	0
Interest and Rents	0	0	0	0
Other Revenues	5,000	5,000	0	(5,000)
Total Revenues	\$ 5,000	\$ 5,000	\$ 0	\$ (5,000)
<u>EXPENDITURES</u>				
Legislative	\$ 0	\$ 0	\$ 0	\$ 0
General Government	0	0	0	0
Public Safety	0	0	0	0
Public Works	0	0	0	0
Other Functions	0	0	0	0
Debt Service	0	0	0	0
Contingency	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,000	\$ 5,000	\$ 0	\$ (5,000)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 5,000	\$ 5,000	\$ 0	\$ (5,000)
<u>FUND BALANCE</u> - Beginning of Year	(9,530)	(9,530)	0	9,530
<u>FUND BALANCE</u> - End of Year	\$ (4,530)	\$ (4,530)	\$ 0	\$ 4,530

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET  
DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash		
Petty Cash	\$      100	\$      100
Commercial Account	600,624	519,292
Accounts Receivable	1,678	1,178
Taxes Receivable	186,699	169,273
Due from Other Funds	97,673	112,912
Due from Other Governments	34,452	43,873
	<hr/>	<hr/>
TOTAL ASSETS	\$  921,226	\$  846,628
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$      680	\$  10,004
Payroll Liabilities	9,920	12,863
Due to Other Funds	3,622	3,143
Deferred Revenue	270,390	242,873
	<hr/>	<hr/>
Total Liabilities	\$  284,612	\$  268,883
<u>FUND BALANCE</u>		
Unreserved	636,614	577,745
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$  921,226	\$  846,628
	<hr/>	<hr/>



HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes	\$ 288,826	\$ 294,560	\$ 277,245
Licenses and Permits	22,000	27,854	28,919
Federal Grants	0	11,547	0
State Grants	137,467	208,160	207,312
Charges for Services	11,500	12,662	13,749
Interest and Rents	1,000	33,236	30,059
Other Revenues	600	22,080	6,586
Total Revenues	\$ 461,393	\$ 610,099	\$ 563,870
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 38,491	\$ 36,360	\$ 18,182
General Government			
Supervisor	20,309	18,287	19,182
Election	4,940	16,398	2,410
Assessor	51,566	48,112	33,381
Attorney	21,700	20,820	12,770
Clerk	26,853	26,787	25,972
Board of Review	1,330	1,330	2,828
Treasurer	37,383	36,383	42,973
Building and Grounds	87,661	33,953	29,296
Cemetery	4,750	4,691	5,731
Public Safety	78,585	73,886	70,123
Public Works	65,976	70,603	6,557
Community and Economic Development	34,984	31,883	26,060
Other Functions	85,234	44,572	40,949
Total Expenditures	\$ 559,762	\$ 464,065	\$ 336,414
Excess (Deficiency) of Revenues Over Expenditures	\$ (98,369)	\$ 146,034	\$ 227,456

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
Fire Protection Fund	\$ (22,000)	\$ (40,000)	\$ (19,000)
Improvement Revolving Fund	0	3,528	0
Viking Acres Special Assessment Fund	0	0	5,581
Utility Fund	(50,000)	(50,000)	0
Liquor Law Enforcement Fund	200	0	0
Seneca Special Assessment Fund	0	(693)	(8,561)
	<hr/>		
Total Other Financing Sources (Uses)	\$ (71,800)	\$ (87,165)	\$ (21,980)
	<hr/>		
Net Changes in Fund Balance	\$ (170,169)	\$ 58,869	\$ 205,476
	<hr/>		
<u>FUND BALANCE</u> - Beginning of Year	170,169	577,745	372,269
	<hr/>		
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 636,614	\$ 577,745
	<hr/>		

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES  
YEAR ENDED DECEMBER 31, 2006

TAXES

Property Taxes	\$ 240,974	
Industrial Facilities Tax	201	
Interest and Penalties on Delinquent Taxes	976	
Payments in Lieu of Taxes		
Swamp Tax	4,782	
Commercial Forest Reserve	3	
Property Tax Administration Fee	<u>47,624</u>	
Total Taxes		\$ 294,560

LICENSES AND PERMITS

Nonbusiness Licenses	\$ 7,229	
Cable TV Franchise Fees	<u>20,625</u>	
Total Licenses and Permits		27,854

FEDERAL GRANTS

Voting Equipment		11,547
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax	\$ 203,039	
Telecommunications Right of Way	<u>5,121</u>	
Total State Grants		208,160

CHARGES FOR SERVICES

Summer Tax Collection Fee	\$ 9,128	
Election Reimbursement	789	
Dog License Fees	20	
Grave Openings	<u>2,725</u>	
Total Charges for Services		12,662

INTEREST AND RENTS

Interest Earnings		33,236
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OTHER REVENUES

Cemetery Lot Sales	\$ 4,116	
Refunds	12,636	
Donations	4,300	
Miscellaneous	<u>1,028</u>	
Total Other Revenues		<u>22,080</u>
Total Revenues		<u>\$ 610,099</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2006

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages \$ 6,855

Per Diem 3,150

Supplies

Office and Operating Supplies 355

Other Services and Charges

Professional Services 14,950

Township Clean Up 6,293

Dues and Fees 3,152

Travel 52

Printing and Publishing 1,490

Education and Training 15

Miscellaneous 48

Total Legislative \$ 36,360

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages \$ 16,204

Per Diem 1,350

Supplies

Office Supplies 41

Other Services and Charges

Travel 264

Education and Training 398

Miscellaneous 30 \$ 18,287

Elections

Personal Services

Salaries and Wages \$ 3,998

Per Diem 240

Supplies

Office and Operating Supplies 548

Other Services and Charges

Printing and Publishing 65

Capital Outlay 11,547 16,398

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2006

Assessor

Personal Services

Salaries and Wages \$ 44,983

Supplies

Office Supplies 921

Other Services and Charges

Contracted Services 2,208 48,112

Attorney

Other Services and Charges

Contracted Services 20,820

Clerk

Personal Services

Salaries and Wages \$ 20,853

Salaries and Wages - Deputy 5,465

Per Diem 150

Supplies

Office Supplies 159

Other Services and Charges

Miscellaneous 3

Travel 62

Education and Training 95 26,787

Board of Review

Personal Services

Salaries and Wages \$ 1,300

Other Services and Charges

Printing and Publishing 30 1,330

Treasurer

Personal Services

Salaries and Wages \$ 25,533

Salaries and Wages - Deputy 778

Supplies

Office Supplies 3,514

Other Services and Charges

Contracted Services 6,558 36,383

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2006

Building and Grounds			
Personal Services			
Salaries and Wages	\$	13,385	
Supplies			
Office and Operating Supplies		860	
Maintenance Supplies		305	
Other Services and Charges			
Contracted Services		2,181	
Communications		1,377	
Public Utilities		6,073	
Repairs and Maintenance		3,472	
Printing and Publishing		875	
Capital Outlay		<u>5,425</u>	33,953
Cemetery			
Supplies			
Maintenance Supplies	\$	5	
Other Services and Charges			
Contracted Services		4,400	
Printing and Publishing		128	
Public Utilities		99	
Capital Outlay		<u>59</u>	<u>4,691</u>
Total General Government			206,761

PUBLIC SAFETY

Fire Protection			
Personal Services			
Salaries and Wages	\$	33,925	
Supplies			
Office and Operating Supplies		2,959	
Other Services and Charges			
Communications		311	
Public Utilities		5,826	
Insurance		3,988	
Repairs and Maintenance		10,290	
Education and Training		966	
Miscellaneous		183	
Capital Outlay		<u>15,438</u>	
Total Public Safety			73,886

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2006

PUBLIC WORKS

Street Lighting			
Other Services and Charges			
Public Utilities		\$	6,642
Water and Sewer			
Other Services and Charges			
Professional Services	\$	60	
Capital Outlay		<u>63,901</u>	<u>63,961</u>
Total Public Works			70,603

COMMUNITY AND ECONOMIC DEVELOPMENT

Planning and Zoning			
Personal Services			
Salaries and Wages	\$	17,011	
Per Diem		6,810	
Supplies			
Office Supplies		1,722	
Other Services and Charges			
Dues and Fees		400	
Contracted Services		673	
Travel		446	
Communications		545	
Printing and Publishing		2,031	
Education and Training		966	
Miscellaneous		<u>833</u>	\$ 31,437
Land Division Administration			
Personal Services			
Salaries and Wages	\$	413	
Supplies			
Office Supplies		<u>33</u>	<u>446</u>
Total Community and Economic Development			31,883

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2006

OTHER FUNCTIONS

Insurance and Bonds		\$ 22,443	
Employee Benefits			
Pension Contribution	\$ 5,598		
Medicare and Social Security	10,017		
Worker's Compensation	3,877		
Unemployment	646		
Penalties	1,034	21,172	
Tax Tribunal Refunds Ordered		241	
Appropriations to Others		716	
Total Other Functions			44,572
Total Expenditures			\$ 464,065

OTHER FINANCING USES

Transfers Out			
Fire Protection Fund		\$ 40,000	
Utility Fund		50,000	
Seneca Street Special Assessment Fund		693	
Total Other Financing Uses			90,693
TOTAL EXPENDITURES AND OTHER FINANCING USES			\$ 554,758



HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

FIRE PROTECTION FUND  
COMPARATIVE BALANCE SHEET

DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	<u>\$ 17,710</u>	<u>\$ 1,445</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Fire Protection	<u>17,710</u>	<u>1,445</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 17,710</u>	<u>\$ 1,445</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

FIRE PROTECTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 1	\$ 1,406
<u>EXPENDITURES</u>			
Public Safety			
Fire Protection			
Debt Service			
Principal	\$ 23,736	\$ 22,538	\$ 21,782
Interest	0	1,198	1,954
Total Expenditures	\$ 23,736	\$ 23,736	\$ 23,736
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,736)	\$ (23,735)	\$ (22,330)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	23,000	40,000	19,000
Net Change in Fund Balance	\$ (736)	\$ 16,265	\$ (3,330)
<u>FUND BALANCE - Beginning of Year</u>	804	1,445	4,775
<u>FUND BALANCE - End of Year</u>	\$ 68	\$ 17,710	\$ 1,445

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND

COMPARATIVE BALANCE SHEET  
DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 433	\$ 6,553
Due from General Fund	479	0
TOTAL ASSETS	<u>\$ 912</u>	<u>\$ 6,553</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to General Fund	\$ 0	\$ 5,617
<u>FUND BALANCE</u>		
Reserved for Liquor Law Enforcement	912	936
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 912</u>	<u>\$ 6,553</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Liquor Licenses Fees	\$ 3,600	\$ 3,523	\$ 3,580
Interest and Rents			
Interest Earnings	0	6	12
Total Revenues	<u>\$ 3,600</u>	<u>\$ 3,529</u>	<u>\$ 3,592</u>
<u>EXPENDITURES</u>			
Public Safety			
Law Enforcement			
Personal Services			
Salaries and Wages	\$ 3,600	\$ 3,121	\$ 3,121
Social Security and Pension	0	232	233
Other Services and Charges			
Administrative Fee	0	200	200
Total Expenditures	<u>\$ 3,600</u>	<u>\$ 3,553</u>	<u>\$ 3,554</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (24)	\$ 38
<u>FUND BALANCE</u> - Beginning of Year	<u>507</u>	<u>936</u>	<u>898</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 507</u></u>	<u><u>\$ 912</u></u>	<u><u>\$ 936</u></u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

UTILITY FUND

BALANCE SHEET  
DECEMBER 31, 2006

ASSETS

Cash	\$ 10,923
Accounts Receivable	<u>8,776</u>
TOTAL ASSETS	<u><u>\$ 19,699</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 3,811
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FUND BALANCE

Unreserved	<u>15,888</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 19,699</u></u>
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HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

UTILITY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2006

REVENUES

Interest and Rents	
Rents	\$ 6,000
Other Revenue	
Refunds and Reimbursements	<u>8,776</u>
 Total Revenues	 <u>\$ 14,776</u>

EXPENDITURES

Public Works	
Sewer System	
Other Services and Charges	
Professional Services	\$ 5,516
Contracted Services	<u>43,372</u>
 Total Expenditures	 <u>\$ 48,888</u>
 Excess (Deficiency) of Revenues Over Expenditures	 \$ (34,112)

OTHER FINANCING SOURCES (USES)

Transfer In	<u>50,000</u>
 Net Change in Fund Balance	 \$ 15,888

<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>\$ 15,888</u></u>
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HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

IMPROVEMENT REVOLVING FUND

COMPARATIVE BALANCE SHEET  
DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 0	\$ 3,528
Due from Senaca Street Special Assessment Fund	<u>0</u>	<u>39,439</u>
 TOTAL ASSETS	 <u>\$ 0</u>	 <u>\$ 42,967</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to General Fund	\$ 0	\$ 39,439
 <u>FUND BALANCE</u>		
Reserved for Capital Improvements	<u>0</u>	<u>3,528</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 0</u>	 <u>\$ 42,967</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

IMPROVEMENT REVOLVING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 0	\$ 168
<u>EXPENDITURES</u>			
General Government			
Debt Service			
Principal Payments	\$ 0	\$ 0	\$ 13,910
Interest Charge	0	0	175
Total Expenditures	\$ 0	\$ 0	\$ 14,085
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ (13,917)
<u>OTHER FINANCING SOURCES</u>			
Transfers Out			
General Fund	0	(3,528)	0
Net Change in Fund Balance	\$ 0	\$ (3,528)	\$ (13,917)
<u>FUND BALANCE</u> - Beginning of Year	6,912	3,528	17,445
<u>FUND BALANCE</u> - End of Year	\$ 6,912	\$ 0	\$ 3,528



HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SENECA STREET SPECIAL ASSESSMENT FUND

COMPARATIVE BALANCE SHEET  
DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 30,896	\$ 22,845
Special Assessments Receivable	4,707	13,451
Due from Other Funds	<u>3,143</u>	<u>3,143</u>
 Total Assets	 <u>\$ 38,746</u>	 <u>\$ 39,439</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Improvement Revolving Fund	\$ 0	\$ 39,439
Due to General Fund	<u>38,746</u>	<u>0</u>
 Total Liabilities	 \$ 38,746	 \$ 39,439
 <u>FUND BALANCE</u>		
Reserved for Road Improvements	<u>0</u>	<u>0</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 38,746</u>	 <u>\$ 39,439</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SENECA STREET SPECIAL ASSESSMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2006

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 146	\$ 35
Other Revenues			
Special Assessments	<u>7,211</u>	<u>0</u>	<u>0</u>
Total Revenues	\$ 7,211	\$ 146	\$ 35
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets and Bridges			
Miscellaneous	<u>0</u>	<u>839</u>	<u>137</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,211	\$ (693)	\$ (102)
<u>OTHER FINANCING SOURCES</u>			
Transfer In			
General Fund	<u>0</u>	<u>693</u>	<u>8,561</u>
Net Change in Fund Balance	\$ 7,211	\$ 0	\$ 8,459
<u>FUND BALANCE (DEFICIT) - Beginning of Year</u>	<u>(26,028)</u>	<u>0</u>	<u>(8,459)</u>
<u>FUND BALANCE (DEFICIT) - End of Year</u>	<u>\$ (18,817)</u>	<u>\$ 0</u>	<u>\$ 0</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

VIKING ACRES SPECIAL ASSESSMENT FUND

COMPARATIVE BALANCE SHEET  
DECEMBER 31,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	<u>\$ 0</u>	<u>\$ 5,581</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to General Fund	\$ 0	\$ 5,581
<u>FUND BALANCE</u>		
Reserved for Road Improvements	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 0</u>	<u>\$ 5,581</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

VIKING ACRES SPECIAL ASSESSMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2006

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Other Revenues			
Special Assessments	\$ 5,000	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets, and Bridges			
Miscellaneous	0	0	182
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,000	\$ 0	\$ (182)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
General Fund	\$ 0	\$ 0	\$ (5,581)
Net Change in Fund Balance	\$ 5,000	\$ 0	\$ (5,763)
<u>FUND BALANCE</u> - (DEFICIT) Beginning of Year	(9,530)	0	5,763
<u>FUND BALANCE</u> - End of Year	<u>\$ (4,530)</u>	<u>\$ 0</u>	<u>\$ 0</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED DECEMBER 31, 2006

	BALANCE			BALANCE
	1/1/2006	ADDITIONS	DELETIONS	12/31/2006
<u>ASSETS</u>				
Cash	\$ 578,883	\$ 4,257,265	\$ 4,303,244	\$ 532,904
<u>LIABILITIES</u>				
Due to Other Governments	\$ 516,608	\$ 3,970,838	\$ 4,013,469	\$ 473,977
Due to Other Funds	62,275	286,427	289,775	58,927
Total Liabilities	\$ 578,883	\$ 4,257,265	\$ 4,303,244	\$ 532,904

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2005 SUMMER PROPERTY TAX ROLL  
DECEMBER 31, 2006

TAXES ASSESSED

County	\$ 270,250	
County - State Education Tax	722,746	
School		
Cadillac Area Public Schools	<u>838,329</u>	\$ 1,831,325

TAXES COLLECTED

County	\$ 256,043	
County - State Education Tax	684,221	
School		
Cadillac Area Public Schools	<u>793,798</u>	<u>1,734,062</u>

TAXES RETURNED DELINQUENT

County	\$ 14,207	
County - State Education Tax	38,525	
School		
Cadillac Area Public Schools	<u>44,531</u>	<u>\$ 97,263</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2005 WINTER PROPERTY TAX ROLL  
DECEMBER 31, 2006

TAXES ASSESSED

County	\$	950,566	
Township			
Operating		240,974	
Delinquent Service Billings and Assessments			
Water		27,639	
Sewer		22,879	
Road		844	
School			
Cadillac Area Public Schools		838,383	
Intermediate School			
Wexford-Missaukee		<u>718,281</u>	\$ 2,799,566

TAXES COLLECTED

County	\$	849,326	
Township			
Operating		215,244	
Delinquent Service Billings and Assessments			
Water		23,260	
Sewer		17,263	
Road		0	
School			
Cadillac Area Public Schools		744,089	
Intermediate School			
Wexford-Missaukee		<u>640,484</u>	<u>2,489,666</u>

TAXES RETURNED DELINQUENT

County	\$	101,240	
Township			
Operating		25,730	
Delinquent Service Billings and Assessments			
Water		4,379	
Sewer		5,616	
Road		844	
Schools			
Cadillac Area Public Schools		94,294	
Intermediate School			
Wexford-Missaukee		<u>77,797</u>	<u>\$ 309,900</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2005 SUMMER INDUSTRIAL FACILITIES TAX ROLL  
DECEMBER 31, 2006

TAXES ASSESSED

County	\$	226	
Cadillac Area Public Schools			
Local Share		196	
State Share		<u>2,090</u>	\$ 2,512

TAXES COLLECTED

County	\$	226	
Cadillac Area Public Schools			
Local Share		196	
State Share		<u>2,090</u>	<u>2,512</u>

TAXES RETURNED DELINQUENT

County	\$	0	
Cadillac Area Public Schools			
Local Share		0	
State Share		<u>0</u>	<u>\$ 0</u>



HARING CHARTER TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2005 WINTER INDUSTRIAL FACILITIES TAX ROLL  
DECEMBER 31, 2006

TAXES ASSESSED

County		\$	794	
Township				
Operating			201	
Cadillac Area Public Schools				
Local Share	\$	196		
State Share		883	1,079	
Wexford-Missaukee Intermediate			<u>600</u>	\$ 2,674

TAXES COLLECTED

County		\$	794	
Township				
Operating			201	
Cadillac Area Public Schools				
Local Share	\$	196		
State Share		883	1,079	
Wexford-Missaukee Intermediate			<u>600</u>	<u>2,674</u>

TAXES RETURNED DELINQUENT

County		\$	0	
Township				
Operating			0	
Cadillac Area Public Schools				
Local Share	\$	0		
State Share		0	0	
Wexford-Missaukee Intermediate			<u>0</u>	<u>\$ 0</u>

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

May 15, 2007

### LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Haring Charter Township  
Wexford County  
Cadillac, Michigan

During the course of our audit of the basic financial statements of Haring Charter Township for the year ended December 31, 2006, we noted the following list of items which we feel deserve comment:

#### Budgeting

The Seneca Street Special Assessment Fund exceeded the budgeted amounts. The Township Board should continue to monitor the budgets and make budget amendments when necessary. In addition, various functions within the General Fund had actual expenditures that exceeded budget amounts and the Viking Acres and Seneca Street Special Assessment Funds. Budgets were adopted with deficit fund balances.

The Utility Fund did not adopt a budget for the year ended December 31, 2006. This is a violation of P.A. 621. We recommend that budgets be adopted for all funds prior to the beginning of the fiscal year.

#### Bank Reconcilements

We encourage the Township to reconcile bank accounts monthly. Any differences between bank and book balances should be adjusted in the treasurers and clerks records on a monthly basis.

#### Interfund Transfers

During our audit we determined various transfers that need to be made between several of the Townships individual funds. These transfers should be made by the township clerk and treasurer so that the due to/due from accounts can be eliminated.

#### Computerized Recordkeeping

In reviewing the Townships computerized records, we proposed numerous adjustments to the general ledger. We recommend that the clerk and treasurer balance records with each other on a monthly basis to insure that cash accounts reconcile.

### Internal Controls

While we observed that bills are approved for payment by the Township board, we did not observe evidence of approval for payment on the bills themselves. We suggest that as a method of strengthening internal control the Township consider having a board member sign the bills approved for payment.

### Credit Card Use Policy

State law requires that the board adopt an official policy governing use and control of a credit card. In regards to the Township's credit cards, we recommend that as a method of strengthening internal control that the board review each purchase.

We wish to express our appreciation for the cooperation and courtesy extended to our staff by the Township officials during the course of our audit. In addition, we would like to thank the Township Board for its continued confidence in our firm. If you have any questions relative to the preceding comments and recommendations, or other areas of your annual audit, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
www.bcbcpa.com

May 15, 2007

### COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Township Board  
Haring Township  
Wexford County  
Cadillac, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Township, Wexford County, Cadillac, Michigan as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Haring Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the deficiency described above is a material weakness.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*